The New Marketing—Developing Long-term Interactive Relationships

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This article places emphasis on relationships and interaction in marketing, an emphasis which has developed out of new theories of services marketing and industrial marketing and also out of practical experience. Building and maintaining relationships have significant long-term implications and therefore affect the strategic and long-range planning of the firm's marketing. In the author's view, the present Marketing Concept, as it appears in research, textbooks and seminars, is unrealistic and needs to be replaced. One reason is its inability to absorb new developments in marketing and its rigid attachment to traditional consumer goods marketing. The conclusions can be seen as part of a progress report from an ongoing research project which aims at developing a New Marketing Concept, that draws both on theory and on the views of practitioners.

Current Approaches to Marketing

The present Marketing Concept states that firms should investigate needs and wants in the marketplace. From their findings, they should develop market segments, products to serve those segments, and the necessary production and administrative resources. The firm then stands the best chance of making a profit and surviving in the long run. For the practising marketing manager, the Marketing Concept becomes concrete through a set of theories, models, concepts and techniques that are applied to daily decision-making and implementation. Marketing is used here in its wide sense, i.e. also including sales, and 'Marketing Concept' is used to signify the marketing philosophy as well as its transformation into decisions and activities.

Marketing as a subject for research, textbooks and classrooms operates under self-imposed limitations. Its theory is primarily built on research in the area of packaged consumer goods and consumer durables; for example, in general marketing textbooks, services are only mentioned in passing although they constitute 50–70 per cent of the GNP of developed countries. The present Marketing Concept favours an approach where the mass market is manipulated through a marketing mix, usually associated with the 4 Ps: Product, Price, Promotion and Place. If personal contacts are discussed, it is in a salesperson–consumer relationship in areas where mass marketing is insufficient, e.g. the sales of life insurance or cars.

Marketing theories developed for consumer goods marketing emanate almost exclusively from the United States and are based on unique conditions there, among them a huge domestic market of 240 million consumers, nationwide coverage by commercial television and radio, and a large number of distribution options. The U.S. theories have been adopted by other countries as well, at least partly due to convenience. In a recent article, experienced international marketing consultant R. J. de Ferrer (p. 227) expresses his dissatisfaction with European reverence towards U.S. marketing thinking and its preachers:

"...they are teaching us lessons that emanate from a specific market environment. . . . We are gawking bystanders . . . we fail to notice how much is not relevant to us, or how much that is of vital importance to Europeans is not treated at all. . . . We have been let down, but only by ourselves: we should be developing with greater purpose our own European management craft.

There is no doubt that consumer goods marketing has developed some powerful tools. However, when applied to other areas than consumer goods, the theories are only partially valid, sometimes even destructive, as they fail to recognize the unique features of services marketing and industrial marketing. Moreover, companies are seldom clearly just consumer or industrial or goods or service companies. Their output is both goods and services but in varying proportions. They frequently serve both consumer and industrial markets, sometimes with
the same product, sometimes with different products. By studying companies where services or industrial marketing is predominant certain facets of marketing may be observed more clearly. On the basis of these observations, we should then be able to develop a more realistic Marketing Concept. Although marketing may be rich in research and data, it is poor in theory. The theories, models etc. that constitute the present Marketing Concept are too limited in scope, exaggerating some aspects of marketing and suppressing others. The Old Marketing Concept needs to be replaced.

How then could the Old Marketing Concept be renewed. The key words are already found in the title of this article. At the end of the title, relationship is mentioned. Marketing can be seen as relationship management: creating, developing, and maintaining a network in which the firm thrives. The next word is interactive, i.e. bilateral and multilateral supplier–customer activities to produce and deliver goods and services, primarily in a person-to-person communication with less left to mass communication. The last expression is long term, stressing that relationships need time to be built and need time to be maintained. They thus become central in strategic planning, both at the corporate and marketing level.

New developments in services marketing and industrial marketing have a stronghold in Scandinavia. ‘The Nordic School of Services’ is a designation for independent researchers, primarily from Sweden and Finland.2 In industrial marketing the ‘IM (Industrial Marketing) Group’ with its roots in the University of Uppsala, but with ramifications to research institutions around the world, advocates an interaction/network approach to industrial marketing.3 The Scandinavian research is highly empirical, based on broad case studies for theory generation rather than statistical testing of narrow hypotheses. This requires a symbiotic relationship between academia and industry and respect from academia for the practitioner’s experience as an input to theory and vice versa. The Scandinavian researchers as well as practitioners follow closely the developments in the United States and the United Kingdom attempting to integrate those contributions into their own thinking. Partly due to language barriers, the reverse is seldom true.

Services marketing has during the past few years developed some interesting contributions to marketing theory. It is mainly based on consumer services like airlines, hotels, car rental, etc. but also on special fields like health services and professional services. Industrial services are not yet in focus. There now exists a rich literature on services marketing and the references in the English language alone approached 2000 in 19854 and 3000 as of September 1986.

Industrial marketing received widespread attention earlier than services. We will distinguish between consumer and industrial marketing using a definition advanced by Cooke5 (p. 16): ‘Industrial marketing is marketing to the organizational buyer as contrasted to consumer marketing, which is marketing to the ultimate consumer’. The organization can be a corporation, a public authority, a reseller, a hospital, etc. Alternatives to the term industrial marketing are business marketing or business-to-business marketing. (It feels a little strange to talk about the sale of biscuits to a wholesaler or a university canteen as industrial marketing; the term feels more natural when applied to nails and screws, machinery, heavy equipment, and the like. But as no real consensus exists on these terms we use industrial marketing as defined above.)

The ideas from consumer goods marketing have been taken over and applied to the industrial stage. In this way, similarities between consumer and industrial marketing have been emphasized but unfortunately important differences have been blurred. One important contribution, original to industrial marketing, is the development of models of organizational buying behaviour. As early as 1976 more than 1000 references existed in the English language.6

Through a series of thought-provoking books by practitioners Iaccoca (Chrysler), Geneen (ITT), Rodgers (IBM), Carlzon (SAS, Scandinavian Airlines), McCormack (IMG, International Management Group), and others, a new and rich dimension of marketing has become accessible to researchers. Most of our knowledge in marketing is based on practical experience and intuition, supplemented with results from scientific inquiry. Therefore, if the marketing presented in textbooks and classrooms only draws on fragmented scientific research, the presentations will become lightweight and misleading (even if descriptive cases are added). It is essential to fill the gaps—those areas not (yet) properly researched—with the best knowledge available, namely from those who are where it all happens. Science certainly needs the contribution from what Schön describes as ‘the reflective practitioner’.

Although the new marketing theories, combined with views of practitioners have broadened our knowledge of marketing, this knowledge has not yet been exploited in general marketing theory. In general textbooks on marketing, the new approaches are added as ‘patches’ to the traditional treatment of marketing. These patches may appear as a collection of odd aspects of marketing in an extra chapter at the end of the book but have had no direct influence on the way the general Marketing Concept and its applications are presented.

In this paper, the significance of supplier–customer interaction and long-term relationships will be emphasized. This will be done through references to current theories and models derived through
Relational Aspects of Marketing

In the new theories of services marketing and management, certain unique characteristics of services have been brought out. These unique traits greatly affect the way a service firm designs its marketing strategy and organization. Relationships and interactions are of central importance. The emphasis is on person-to-person interaction and the fact that marketing, production, delivery and also consumption and service development are partly carried out in direct interaction with the customer. The internal relations are stressed as a prerequisite for successful external relations. The significance of the external relations are reflected in the expression ‘moment of truth’ that has become part of services marketing jargon and which stresses that each customer contact creates a moment that influences the firm’s relations and reveals its ability to keep a customer.

In the new theory of industrial marketing called the network/interaction theory, marketing is defined as: "all activities by the firm to build, maintain and develop customer relations" (p. 10). It further states: "It is not until one has built a sufficient number of customer relations that one can consider oneself established on a market" (p. 40). Marketing, with reference to industrial and international operations is thus not primarily concerned with the manipulation of the 4 Ps from consumer goods marketing. Instead, it is to reach a critical mass of relations with customers, distributors, suppliers, public institutions, individuals, etc.

Marketing consultant Regis McKenna emphatically points to the need for building relationships. Based on his long experience of the ‘fast-changing industrial markets’ of Silicon Valley, he claims that personal relationships are more lasting than product or brand loyalties. He states that his experience with computers, semi-conductors, and the like have taught him

a new approach to marketing, an approach that takes into account the dynamic changes in industries and markets. It is an approach that stresses the building of relationships rather than the promotion of products. . . . (p. 4)

The marketer must

gain understanding of the market structure, then develop strategic relationships with other key companies and people in the market. They must build relationships with suppliers and distributors, investors and customers. Those relationships are more important than low prices, flashy promo-

Both services marketing theory and the network/interaction theory emphasize the long-term perspective: it takes time for sellers and buyers to establish a smooth working relationship. Firms need to enter wedlock rather than one night stands. This is particularly obvious when a product requires complex technology and customized design as well as when R & D, production and installation involve active participation from the buyer. It is also obvious in such service relationships as, for example, with a life insurance company, a psychiatrist, an accounting firm, etc. where it is desirable for the customer to deal with the same individuals; the organization to which these individuals belong may be less significant.

The Japanese are known to take a long-term perspective on building market share, seeing it as an investment and not as a temporary campaign. Successful companies in the West are also skilled practitioners of the long-term perspective. Former IBM vice president of marketing, ‘Buck’ Rodgers describes the IBM strategy in this way: (p. 45):

Successful salespeople understand the importance of long-term customer connections. The size of their paycheck is determined to a large extent by their ability to develop sound, lasting relationships with enough customers.

Nine Issues that Challenge the Present Marketing Concept

Basic concepts in marketing are customer, buyer, seller, competitor, marketing department, consumer goods, services and service firms and industrial marketing. When marketing is approached as interaction and relationships these concepts are challenged. We have to ask whether they have any meaning except as rather general terms in everyday conversation. Or have they just become stereotypes that obscure important issues? Those questions may sound trivial, ideally suited for members of the academic community and their scholarly (read: impractical) arguments. In my opinion practice says differently: the prevalent attitude in economics and marketing to take these words for granted deprives much marketing research of meaning.

In order to display the ambiguity of the above-mentioned basic concepts, nine issues will be presented below. These issues have emerged strongly in theories of services marketing, industrial marketing, and in the practice of marketing. This does not mean they are all new. It just means that they are exposed more explicitly and their impact on the New Marketing Concept is made more evident.
1. *The Many-headed Customer and Seller*

When using the words customer and seller we are often not very clear about what we mean. The terms lead our thoughts to one individual, to a grey mass described through a few socio-demographic variables, or maybe to an organization. Especially in industrial marketing both the seller and the customer are many-headed. This is also pointed out in models of organizational buying behaviour. The best known is probably the Webster-Wind model\(^\text{12}\) which identifies the customer as a buying centre consisting of a number of individuals and representing five major customer roles: decider, buyer, user, influencer and gatekeeper.

The network/interaction theory identifies relationships between many individuals from the selling firm's staff and the customer's staff plus relations to other entities such as the seller's suppliers, trade associations, political bodies, public authorities, etc.

Figure 1 illustrates that a multitude of relationships can exist between a supplier and its customers, for example in a company selling high tech equipment in the international market. The marketing department is just one unit from which several employees may enter into contact with several departments and individuals in the buying organization. The design department, the factories, etc. might also establish relationships and the CEO may be involved as well. But the figure is highly simplified: the web of relations can be very complex, and, for example, the intensity and the length of the relationship can be introduced.

Figure 2. Where is the customer? The real customer, the actual decision-maker, often does not appear in the market-place

Figure 1. The customer and the seller—a complex relationship. The customer and the seller are often a number of individuals who enter into complex relations with one another

Conclusion: in order to identify a 'customer' and a 'seller' a complex web of relationships has to be described. To find one's way in this web is a job that requires concepts, systematic research, long-term planning of the marketing plus a lot of patience and stamina.

2. *The Real Customer Does Not Necessarily Appear in the Market-place*

In many types of business, the major battle is not in the market-place but elsewhere. In order to open up a market, one might have to receive a blessing from higher up in society. One example is selling equipment of infrastructural character such as nuclear reactors, telephone systems and defence products which affect the country's economic performance, employment levels, financial status and political sympathies. Another example is trade agreements and quotas which are common for agricultural products, or the bilateral trade between a western country and an East European communist country. But it exists for packaged consumer goods as well, for example when getting Coca-Cola into China.

The first step in marketing in these cases are negotiations with presidents, ministers, financiers, politicians, civil servants, trade unions, etc. This is illustrated in Figure 2 which is an extension of Figure 1. Only when a blessing and the necessary permits are issued from one or several of these, can the actual work with the consumer marketing mix start. In order to consider this aspect within the traditional 4 P framework, the Ps have sometimes been extended, adding for example public opinion and politics.

Conclusion: attacking the consumer with a marketing mix if the stage is not set first will lead nowhere. The real decision-maker to be addressed is usually not identified in marketing theory as being part of the market.

3. *The Customer as Co-producer*

In services marketing interaction is a key word. At first sight, one might classify this as similar to what we have already presented in the network/interaction theory. However, the unique features of services turned out to render a different meaning to the interaction concept. A distinction is made
between interactive marketing (sometimes called relationship marketing) and non-interactive (mass) marketing. The interactive relationships are not only marketing interactions, they are also interactions during which the service is produced. Moreover, the customer starts to consume the service during the marketing and production process.

The following interactive relationships have been identified (Figure 3):

- Interaction between the buyer and the seller’s contact persons, e.g. the interaction between a doctor and a patient, an advertising agency and a product manager, a passenger and an air stewardess. If the customer does not co-operate—the patient not taking the prescribed medication, the product manager not briefing the agency properly, the air passenger not appearing at the gate on time—the service cannot be produced. The customer is a co-producer.

- Interaction between the buyer and the seller’s systems, machinery and routines. This man-machine or man-system interface is equally important as the person-to-person interaction, e.g. a bank customer and a cash machine, the taxpayer and the taxation system.

- Interaction between the buyer and the seller’s physical environment. One example is a supermarket where the positioning of the merchandise, the way it is displayed, and the attractiveness of the premises, including the parking lot, influence the buyer’s behaviour. The marketing director of a U.S. hamburger chain once stated that his most important marketing staff were a group of architects, who designed the physical environment of the restaurants.

- Interaction among buyers who produce the service between themselves if the seller provides the right systems, environment and supportive personnel. An obvious example is a dance restaurant: if the customers refuse to dance with each other there will be no service produced. Customers who line up in a queue, travel First Business Class, listen to a concert in the Albert Hall, interact and influence the production of the service.

In services, the interactions during the production process provide opportunities for marketing the service by the creation of favourable ‘moments of truth’ that will encourage the customer to return and give referrals to his friends. For example, consulting services usually improve in quality if they are produced in close interaction between buyer and seller personnel. The shared experience can also cement long lasting relationships. The customer’s ‘participation style’ becomes important as well as the seller’s ability to design and produce the service so that the contribution from the buyer becomes a good one.

As most of the companies traditionally labelled as manufacturing companies also provide services, the aspects of interaction learnt from studies of more pure service firms are of general interest. These interactions add a new dimension to the previously presented issue on the many-headed customer and seller.

Conclusion: it is essential to recognize that a service is partly produced, marketed and consumed in an interactive relationship between the customer and the selling firm and that the quality of this relationship as well as the quality of the service is the result of efforts from both sides. The marketing that takes place during the interaction is often the most important, sometimes even the only marketing that a service company does.

4. Market Mechanisms are Controlled Outside the Firm

According to representatives of the network/interaction theory of industrial marketing: A company can be viewed as a node in an ever-widening pattern of interactions, in some of which it is a direct participant, some of which affect it indirectly and some of which occur independently of it. This web of interactions is so complex and multifarious as to deny full description or analysis. Indeed, the interaction between a single buyer and selling company can be complex enough.

These webs woven between companies take many forms. The seller and the buyer may be in all sorts of dependent positions, not covered by the cases of monopoly, oligopoly, etc. so favoured in traditional economic theory. But the market economy may not necessarily exist outside the firm even in economies that are basically capitalist. There exist legal as well as covert trusts and cartels which create interdependencies between firms in a market. There are a large
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variety of ownerships, joint ventures, and unions through banks, persons or families. These private networks—the 'old boy network' or 'invisible colleges'—may be locked to the non-member. In addition one could mention the 'facilitating payments' which are sometimes crucial, most often illegal but accepted under a variety of disguises in many markets. These personal networks, payments, etc. help to cement a very strong kind of relationship. Competitors co-operate on certain issues but may be fierce combatants in others. Suppliers are part-owners of customers and vice versa. Companies may even own one another. Many sorts of mixes between private ownership and government ownership may exist. Industrial policies may provide subsidies through direct payment but also through indirect channels such as research institutions or large orders to domestic suppliers. Business consultant Ohmae points to the necessity for global companies to establish a foothold in the 'triad' of the world economy—America, Western Europe, Japan—and how this is done through various connections between competing firms. He provides illustrations from firms in the car industry, in computers, robotics, etc. concerning both technical, marketing, and financial co-operation. All these relations can be quite hard to survey and evaluate for the outsider. Finally, there is a 'black economy' built on more or less secret networks which is estimated to account for 10–20 per cent of the GNP of industrialized countries.

Conclusion: the complex network of relations that exist in the market means that buyer–seller interaction takes many forms which are institutionalized and which curb the market mechanisms. These networks have to be analysed in order for the seller to assess his market opportunities and develop his strategies.

5. Market Mechanisms Are Brought Inside the Firm

Even if the market mechanisms have been curbed outside the firm they have been let loose inside the firm. In its pure form, a company can be seen as 'a planned economy' where clearly defined activities are co-ordinated towards clearly defined goals. This paradigm is reflected in textbooks. However, planned economies, as we know them from whole nations, have efficiency problems: rigidity, lack of initiative and difficult to manage. Companies, being

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Figure 4. How market mechanisms are modified. The figure shows how market mechanisms can be controlled through different types of relationships
usually smaller than nations, have found the same problems and therefore tried to create a competitive and dynamic environment inside the firm, an internal market. The trend towards ‘a market economy’ inside the firm has been strong and it is probably the most common way for firms to reorganize when profits are low. The market economy inside the firm is often some variation of the following:

☆ The firm is organized in four parts: CEO and executive committee, operational units with production and/or marketing in its core, internal service units, and staff units.

☆ As many units as possible are made profit centres (separate companies, business areas, divisions, etc.). These are the operational units and the internal service units.

☆ The delineation between staff units and internal service units is not entirely clear. Staff units can be seen as the extension of management of different levels. As such they are treated as cost centres even if they serve others. If possible, and in order to gain the advantages of the market mechanism, as many units as possible are turned into independent service units and profit centres.

☆ A profit centre is made as independent as possible meaning that, for example, a production unit may supply a marketing unit, but the marketing unit may use an outside supplier if it does not find that its brother or cousin in the family can offer the right conditions. An internal service unit may supply services together with outside suppliers and the operational unit’s own specialists, but also sell its services to other firms.

Other forms are also possible: licences, franchises, co-operatives, intrapreneurship, and most likely structures that have been invented by individual firms and which have not even got a name.

Conclusion: as the market mechanisms have been brought into the firm, replacing the planned economy, it is not clear who is a seller, a buyer, or a competitor. The boundaries between ‘us’ and ‘them’ are not clear and marketing strategies have to be developed to handle this type of internal market relations.

6. Interfunctional Dependency and the ‘Part-time Marketer’
When Iaccoca arrived at Chrysler as its new CEO and saviour, he met with a nightmare™ (p. 162):

Nobody at Chrysler seemed to understand that interaction among different functions in a company is absolutely critical. People in engineering and manufacturing almost have to be sleeping together. These guys weren’t even flirting. . . . The manufacturing guys would build cars without even checking with the sales guys. They just built them, stuck them in a yard, and then hoped that somebody would take them out of there. We ended up with a huge inventory and a financial nightmare.
Let this quotation serve as an introduction to another relational aspect which is omitted by traditional marketing theory, namely the interdependency between functions. Marketing cannot live an isolated life, it is intertwined with all other functions of the firm. One of the pillars of the network/interaction theory is marketing’s dependency on technology both in R & D, purchasing and manufacturing. This is particularly obvious where complex, customized equipment is produced. Services marketing theory has found that production, marketing, and even service development are largely handled by the same people. As a result the marketing function is spread throughout the firm; the marketing department sometimes becoming insignificant or even non-existent. Everybody is ‘a part-time marketer’.

This conclusion has vast implications for the approach to marketing. It indicates that customer relations are influenced by everybody. The general manager negotiates big contracts and appears as a goodwill ambassador to customers, the telephone operator and the receptionist give the customer the vital first impression of the firm, the designers meet with customers to draw up the specifications that create ‘fitness for use’, those in charge of the firm’s property management create a physical environment which influences the customer touring the supplier’s plant, etc. The sales people are the professional ‘contact persons’ who build relationships. But they can never do it on their own. The problem, if marketing is unsuccessful in an industrial firm or a service firm, is often not the marketing department and its specialists, it is the marketing function as a whole and its integration with other functions.

Conclusion: the boundaries of marketing responsibility are dissolved and are no longer identical with the marketing department. The work to create and maintain market relationships is divided between the full-time professional marketers in the marketing department and the omnipresent (non-professional) ‘part-time marketers’. The network of contacts inside the firm, the formal as well as the informal, the professional as well as the social, are part of marketing.

7. Process Management and the Internal Customer
The concept of the internal customer brings customer–supplier relationships inside the firm. It means that everybody should see himself as a customer of colleagues, receiving products, documents, messages, etc. from them, and that he should see himself as a supplier to other internal customers. Only when the customers are satisfied—it is the satisfied customer that counts irrespective of whether he is external and internal—has a job been properly executed. Ishikawa, one of the fathers of modern quality thinking, used the slogan ‘the next process is your customer’ back in the 1950s ‘to resolve fierce hostility between workers from different production processes of a steel mill…’ and ‘still uses it today in his lifelong effort to break through the barriers of sectionalism in business organizations’ (p. vii). By making everybody a customer in his relations to others inside the organization we begin to see what happens in a firm as a proper process. Principles of process management have been used for many years in manufacturing and these principles are now also being applied to services and administrative operations, e.g. at IBM (p. 329).

However, we must not fall into the trap of seeing internal relationships as simple. Once again a web is woven between many-headed internal suppliers and many-headed internal customers, a co-production relationship that establishes formal as well as informal links.

The concepts of the internal customer and process management have arisen in the area of quality, an area which is gradually being recognized as part of marketing and top level management. This recognition is due to a combination of Japanese and U.S. quality gurus and Japanese practitioners rather than marketing theory and practitioners in the West.

Conclusion: the customer–supplier relationship of process management links everyone together inside the company. They need to follow the golden rule of Christianity: ‘Do unto others as you would have them do unto you’.

8. Internal Marketing
We have so far met at least two phenomena that could be labelled ‘internal marketing’: the fact that marketing takes place between units inside the same
firm, and the notion of the internal customer. Current terminology, however, as it appears in services marketing, reserves internal marketing for a third phenomenon. In internal marketing we apply marketing know-how, originally developed for the company’s external marketing, to the ‘internal market’ as well. In service firms, where the interface with the customer is particularly broad and intense, it is essential that all contact personnel are well attuned to the mission, goals, strategies and systems of the company. Otherwise they cannot represent their firm well and successfully handle all those crucial ‘moments of truth’ that occur in the interaction with customers. It is equally important that management and supporting personnel are well informed or the internal customer–supplier relationship will be inhibited.

Internal marketing stresses that human resources are a key factor in the development and maintenance of a successful service business. Efficient internal marketing becomes a prerequisite for efficient external marketing.

Internal marketing as a concept has emerged out of services marketing. However, there is no reason to see internal marketing as limited to service firms although it becomes more visible in a clear service setting. The interface between a firm’s employees and its customers can be extensive even though the firm is not traditionally thought of as a service firm per se. This is particularly true of firms that market complex equipment or systems, whether it is to consumers or to businesses. But even if the interface is limited, companies desperately look for better ways of preparing their employees for organizational changes, the introduction of new products and services, new technologies, new routines, etc. Traditional ways of reaching out, using internal memos and magazines, meetings, training courses and recently to a greater extent video and computer techniques, leave a lot to be desired.

Conclusion: the personnel constitute a market inside the firm and this market has to be reached efficiently in order to prepare the personnel for external contacts. Know-how from external marketing can also be applied to the internal marketing.

9. Relational Quality

Quality is in vogue. Hopefully it will stay in vogue for a long time. Quality used to be an empty word that littered marketing textbooks, strategy statements, and advertisements, and was a cliché used in bombastic speeches by salesman and executives. During the 1980s, quality is finding an identity. The definition which is gaining acceptance is that quality equals customer-perceived quality, or ‘quality is in the eye of the beholder’. This is a market-oriented approach. Quality thinking has gone all the way from inspection in the factory to spot defective products before they are shipped, to the total quality concept of today which involves everyone, everywhere in the company seeking to continuously develop better quality through prevention—‘doing it right the first time’. Quality is thus built into the product or service at the development and design stage.

Quality is important for marketing people. Understanding quality means that marketing people must become interested in technology, both design and
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production, be it a service firm or an industrial firm or a consumer goods firm. In 1984 when the author published a new book on marketing and had included 10 pages on quality, a critic in a professional journal grumbled that the quality pages were way out of place because 'this is not a book on manufacturing'. Today the book would have had a full chapter on quality and on marketing's contribution to quality, to the internal customer as well as to the external customer.

The marketing function contributes to quality in many respects. Acting as a spearhead to the market, it provides an input to the design department on market needs, wants, opinions, etc. It is expected to give accurate forecasts to engineering, production, personnel and other departments. Salesmen should not oversell, promising features that do not exist, or delivery times that are uneconomical.

Finally, we come to one area where the marketing department has a unique competence: relations to customers. If a delivery is late, or a product is defective, a good salesperson can handle the situation so that the customer eventually becomes satisfied. But we have said that almost all people are 'part-time marketers', meaning that they create and maintain relations and interaction. As the way we handle relations is part of the customer's (subjectively) perceived quality, we all contribute to his perception through high quality of relations. In a recent project on quality, the term relational quality was coined in order to draw attention to the fact that relations are part of customer-perceived quality. This is alien to the engineer's approach to quality but it has emerged strongly in studies of services marketing where the notion of functional quality—how a service is delivered—is balanced against the traditional technical quality of the service (pp. 38–40).

Conclusion: relational quality is a concept which has been formed to stress that skilled handling of relations between buyer and seller is part of customer-perceived quality. High relational quality contributes to positive customer-perceived quality and thus enhances the changes for a long-term business relationship.

Marketing Theory Goes Realistic—Towards a New Marketing Concept

The complex web of market relations that needs to be created, maintained, and also dissolved has been presented in words and figures. An attempt to integrate the relational aspects into a 'metafigure', has not surprisingly failed. The New Marketing Concept, as far as relational aspects are concerned, recognizes that:

- the terms buyer and seller can refer to any number of contacts between representatives from buying and selling organizations,
- the real customer does not necessarily appear in the market-place,
- the customer can be a co-producer who interacts with the seller as well as with systems, the physical environment and other customers, and that marketing can become an integral part of the production as well as the consumption process,

![Diagram](image.png)

Figure 9. The quality of relationships. The quality of relationships, 'relational quality', affects the customer's perception of quality.
market mechanisms can be curbed in the external market, but also
the market mechanisms have been brought inside the firm,
customer relations are influenced by ‘part-time marketers’ from all sorts of functions within the firm, and consequently the interfunctional dependency in the firm must be emphasized,
the internal processes can be better handled by introducing the notions of the internal customer and process management,
efficient internal marketing is a prerequisite for successful external marketing, and finally
relational quality is part of customer-perceived quality.

The interim conclusions in the research project on the New Marketing Concept can be summarized as follows:

The importance of these nine issues does not follow the demarcation lines between consumer goods marketing, services marketing and industrial marketing. Their significance has been revealed by empirical research and practice, with the purpose of generating concepts and theories instead of verifying established ‘myths’ (or marginal variations of these ‘myths’). They have emerged through the study of services and industrial marketing but to a large extent also build on previous know-how and the experience of practitioners, which have so far not been properly integrated into general marketing theory as presented in textbooks. Some aspects are seen better when services are studied, others when consumer goods are studied, or in an industrial setting. Some insights may be made by systematic academic researchers, while others are provided by ‘reflective practitioners’ through their direct involvement in actual events. Finally, few marketing situations are clear cut cases of consumer/industrial, or goods/services; those dichotomies are arbitrary and only temporarily useful as vehicles for thought. More often a firm’s marketing is a blend of all of them in a unique combination. Consequently: each marketing situation should be treated as a unique combination.25

The New Marketing Concept aims at integrating major aspects of marketing and allotting them proper weight. As was pointed out earlier, relational aspects are not the only ones that need to be integrated. International aspects are another example. This article should be read as a progress report from an ongoing research project that seeks to create a New Marketing Concept, which will be more realistic than the prevailing concept.

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